



**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE THREE MONTHS ENDED  
MARCH 31, 2019 AND 2018**

**INTRODUCTION**

Treasury Metals Inc. (TSX: TML) (“Treasury Metals” or “Treasury” or the “Company”) is a Canadian gold exploration and development company focused on its 100% owned Goliath Gold Project. The Project has access to first-rate infrastructure at its location near Dryden in northwestern Ontario. Treasury Metals is advancing Goliath through the Canadian permitting process to begin mining production for an open-pit gold mine and subsequent underground operations to be developed in the latter years of mine life. Key programs during 2019 and 2018 include diamond drilling and field exploration, an updated PEA, engineering activities, and continuation of the permitting process towards the Company’s stated goals of completing a feasibility study and mine permits on the Goliath Gold Project.

Established in 2008, Treasury Metals operates corporate headquarters in Toronto, Ontario, and a Project Office at the Goliath Gold Project in the Kenora Mining Division in northwestern Ontario. Treasury Metals is listed on the Toronto Stock Exchange under the trading symbol “TML”, and on the OTCQX® Best Market under the symbol “TSRMF”. Additional corporate information can be found on Treasury Metals Inc.’s website at [www.treasuremetals.com](http://www.treasuremetals.com).

This Management Discussion and Analysis (“MD&A”) of the financial condition and results of operations of Treasury Metals should be read in conjunction with the Company’s interim condensed consolidated financial statements for the three months ended March 31, 2019 and 2018, including the related notes thereto. These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). This MD&A is presented as of May 14, 2019. Unless otherwise noted, the currency used is Canadian dollars. This MD&A contains “forward-looking” statements that are subject to risk factors set out in a cautionary note contained herein.

**OVERVIEW**

During the years 2019 and 2018, the Company’s work programs on the Goliath Gold Project continued with a focus on the steps to evaluate the project’s feasibility, facilitate and complete a decision on mine construction. Programs are outlined below:

- ❖ On March 14, 2019, a full submission of Information Request #2 responses was accepted by the Canadian Environmental Assessment Agency (“CEAA”), which resumes the federally legislated timeline to approve the Federal Environmental Assessment and register a decision. As of March 31, 2019, the legislated timeline sits at approximately 24 weeks remaining of government review time to complete the Environmental Assessment (“EA”) process. Under the EA process, the remaining legislated timeline includes a 30-day final public comment period on a draft EA Report expected in June and potential conditions of approval, and up to 60 days for a ministerial decision at which point the federal government renders a decision notice.

- ❖ Over the last years, the Company has been working with all the Indigenous communities potentially affected by the Goliath Gold Project to foster a cooperative and productive ongoing relationship, and, on December 18, 2017, entered into a Memorandum of Understanding with the Métis Nation of Ontario; on January 16, 2019, Treasury Metals announced it entered into a Memorandum of Understanding with Eagle Lake First Nation; and, on March 20, 2019, the Company announced the signing of an Engagement Agreement with Wabauskang First Nation.
  
- ❖ On October 16, 2018, the Company provided an updated National Instrument 43-101 Mineral Resource Estimate on Goliath Gold Project. The Mineral Resource Estimate was completed by independent firm P&E Mining Consultants Inc. The 2018 Mineral Resource Estimate is an update to the NI 43-101 Mineral Resource Estimate previously released on August 28, 2015 and includes results from a database representing an additional 98 diamond drill holes totaling 41,500 m of infill drilling completed between 2016 and 2018. Highlights of the NI 43-101 Mineral Resource Estimate on the Goliath Gold Project are:
  - A successful conversion program:
    - Total Measured and Indicated Mineral Resources are now 1,229,800 gold equivalent (“AuEq”) ounces (16.20 Mt at 2.36 g/t AuEq);
  - Measured and Indicated Underground AuEq Ounces increased by 64% from the 2015 Mineral Resource Estimate:
    - Totalling 640,100 AuEq ounces with an average grade of 5.54 g/tonne AuEq (5.39 g/t Au);
    - Open Pit Mineral Resource shell optimized further to contain less waste and could lead to an improved strip ratio;
    - A portion of the increase can be attributed to redefining the boundary between the Underground and Open Pit Mineral Resources resulting in a higher portion of AuEq ounces reported within the Underground Mineral Resource capturing the high-grade ounces.
  - Gold Equivalent Grade increase for combined Measured and Indicated Mineral Resources
    - In-Pit: +9.0 % (1.45 g/tonne AuEq);
    - Out of Pit: +8.0 % (5.54 g/tonne AuEq);
    - Total: +34.1 % (2.36 g/tonne AuEq).
  - Silver Grade increase in Measured and Indicated Mineral Resources
  - Mineral Resources at Goliath remain open at depth and has exploration potential for additional mineralized shoots along strike.
  
- ❖ On August 13, 2018, the Company announced assay results from three active exploration drilling zones, including results in the East Resource Target area, down dip within the developing C Zone shoot, and additional deep Main Zone infill drilling at the Company’s flagship Goliath Gold Project. Results are available for viewing on the Company’s website and all material results have been filed on SEDAR, under the Company’s profile at [www.sedar.com](http://www.sedar.com).
  
- ❖ On May 30, 2018, the Company released additional assay results from the active infill and resource expansion/exploration drilling program.

- ❖ On March 27, 2018, the Company announced successful results from its recently completed 15,000 metre infill exploration drilling program to upgrade mineral resources into the mine plan.
- ❖ On October 2, 2017, the Company announced results from its recently completed 4,360 metre condemnation and infill exploration drilling program. All results from both the condemnation and infill program are available for viewing in the Complete Assay Table on the Company's website and all material results have been filed on SEDAR, under the Company's profile at [www.sedar.com](http://www.sedar.com).
- ❖ On March 8, 2017, Treasury Metals announced an updated PEA indicating improved economics at the Goliath Project. The full PEA report has been filed on SEDAR on April 17, 2017.
- ❖ On August 1, 2017, the Phase II drilling exploration program commenced at Goliath Gold Project. The Phase II program's targets consisted of 15,000 metres of infill drilling in the Main Zone resource area to support further resource conversion from inferred to the indicated category, extending the shoots down-dip.
- ❖ Throughout the period, the Company continued to collect baseline environmental data as part of ongoing permit requirements and continued to work with external consultants to design a new exploration program, and to optimize the Project scope and Project economics.
- ❖ In a parallel process with the Federal EA, Treasury continues to work on technical reports to support the provincial permitting process. Communication is ongoing with various provincial ministries to confirm the application formats and technical support required for each specific permit that will be granted under provincial authority. Both provincial mine closure plan and tailings storage facility construction reports continue to advance. Treasury expects the provincial permitting process to move in a similar timeline to the Federal EA and will provide updates as work progresses.

*Other key milestones and events in 2019 and 2018:*

- ❖ On May 13, 2019, the Company announced significant exploration results by its Optionee on Treasury's 100% owned Weebigee Gold Project in northwestern Ontario. For complete details, please see section Goldeye Explorations Ltd.
- ❖ On December 17, 2018, Treasury Metals closed a non-brokered private placement financing. The Company issued 8,348,741 flow-through common shares for total gross proceeds of \$2,254,160 at an issue price of \$0.27 per flow-through share.
- ❖ On November 30, 2018, the Company entered into a binding term sheet with Extract Capital Master Fund Ltd. and Extract Lending LLC (together "Extract") to extend the maturity date of the Company's existing convertible term loan (the "Term Loan") for three years (the "Loan Amendment"). The Loan Amendment will amend the maturity date of the Term Loan, extending it for a period of three years from the effective date of closing. As part of the Loan Amendment, Extract has also agreed to assume the US\$2.2 million

portion of the US\$4.4 million facility previously held by Loinette Company Leasing Ltd., which has agreed to an early payout without penalty. The terms of the Loan Amendment is subject to TSX approval. Pursuant to the terms of the Loan Amendment, the Term Loan shall be convertible at the election of Extract into common shares in the capital of the Company (the “Common Shares”) at a conversion price of CAD\$0.36 per Common Share, representing approximately a 50% premium to the closing price of the Common Shares (November 23, 2018), which is the closing date of entering into the binding term sheet.

All other terms of the Term Loan remain unchanged. See Note 10 of the March 31, 2019, interim condensed consolidated financial statements for full details of the Term Loan.

- ❖ On September 18, 2018, the Company granted a total of 4,825,000 options to directors, officers, employees and consultants to buy common shares at an exercise price of \$0.40 each and expire on September 18, 2020. The stock options vest 50% at the date of granting and the remaining 50% vest on March 18, 2019.
- ❖ In September 2018, Bob MacDonald resigned as Vice President, Operations. Mark Wheeler, Project Director, and key site personnel will continue in their roles with increased responsibilities as the Company continues to focus on Federal mine permitting with the Canadian Environmental Assessment Agency, engineering and on the completion of the ongoing resource expansion drilling program.
- ❖ On August 1, 2018, the Company announced the appointment of Interim CEO Greg Ferron, previously the Vice President of Corporate Development, following the departure of the Company’s then President and Chief Executive Officer, who had accepted a position with an intermediate gold producer. Mr. Ferron has been instrumental in the evolution of Treasury Metals and will oversee the project team in Dryden which will continue to progress the Goliath gold project towards a construction decision.
- ❖ On June 25, 2018, the Company closed a private placement for aggregate gross proceeds of \$5,000,000 through the issuance of 11,904,762 units at a price of \$0.42 per unit.

## **PLANS FOR THE YEAR 2019**

The Company’s key objectives for Goliath and proposed timelines are provided, as follows:

- ❖ Permitting Progress: The Company will continue to work with the Canadian Environmental Assessment Agency (“CEAA”). As part of the Federal Environmental Assessment (“EA”) process, the CEAA accepted the Company’s submissions on March 14, 2019, which resumes the federally legislated timeline to approve the EA and register a decision. CEAA has undergone an extensive technical review of the draft documentation.
- ❖ Under the EA process, the remaining legislated timeline includes a formal review along with a 30-day final public comment period on a draft EA Report and potential conditions of approval, and up to 60 days for a ministerial decision at which point the federal government renders a decision notice. As of March

31, 2019, there are approximately 24 weeks of government review time remaining on the legislated timeline for completion of the Environmental Assessment. The company will continue to provide technical information to CEAA as required throughout the EA process.

- ❖ Community Engagement: Indigenous and community engagement is progressing as part of the continuing development of the Project. Treasury has entered into long-term relationship agreements with the Métis Nation of Ontario, Eagle Lake First Nation, and Wabauskang First Nation to ensure effective communication during the Environmental Assessment process and beyond. Similar long-term relationship agreements with other regional First Nations are anticipated as the above milestones are completed.
- ❖ Engineering Studies: The studies will incorporate the updated NI 43-101 Resource Estimate as well as additional engineering, optimization work, finalized metallurgical and grinding testwork and earthworks geotechnical support studies.
- ❖ Weebigee Project: Treasury Metals continues to encourage and facilitate exploration work on the Weebigee gold project. Further, additional community work will continue to ensure the continued beneficial relationship with Sandy Lake First Nation, and long-term support for continued exploratory work.

## MINERAL EXPLORATION PROPERTIES

### Goliath Gold Project

The Goliath Gold Project (“Goliath” or “the Project”) is located in the Kenora Mining Division in northwestern Ontario, about 20 kilometres east of the City of Dryden and 325 kilometres northwest of the port city Thunder Bay, Ontario, Canada. Goliath Gold Project consists of approximately 5,049 hectares (approximately 50 km<sup>2</sup>) and covers portions of Hartman and Zealand townships. The Project is comprised of two historic properties now consolidated under the common name Goliath Gold Project, which consists of: the larger Thunder Lake Property, purchased from Teck Resources and Corona Gold Corp., and the Goliath Property, transferred to the Company from Laramide Resources Ltd. The Goliath Gold Project has been expanded from its original size through the staking of mining claims, land purchases and option agreements. The Project is held 100% by the Company, subject to certain underlying royalties and payment obligations on certain patented land parcels, totalling about \$105,000 per year.

### Lara Polymetallic Project

The Lara Polymetallic Project, located in the southern region of Vancouver Island, lies about 75 kilometres north of Victoria, 15 kilometres northwest of Duncan and about 12 kilometres west of the Village of Chemainus, Victoria Mining Division, British Columbia, Canada. The Lara Property was comprised of 90 mineral claims at the end of 2013. In 2017, as the claims came up for renewal, only the significant claims were renewed and the Project currently consists of 59 mineral claims.

**Goldeye Explorations Ltd. (a wholly owned subsidiary of Treasury Metals Inc.)**

The acquisition of Goldeye Explorations Limited was completed on November 24, 2016. Effective upon closing, Goldeye became a wholly owned subsidiary of Treasury and all of the issued and outstanding common shares of Goldeye were acquired by Treasury. The acquisition provides Treasury with a second high-quality asset, the Weebigee Project, in northwestern Ontario. The Weebigee Project, Goldeye's principal asset, is a high-grade gold project located near Sandy Lake in northwestern Ontario. Goldeye's most recent 2019 exploration program by its Optionee, reported significant gold results, following an earlier 2014 Goldeye work program consisting of a 2,200 metre shallow drill program. The Weebigee Project is subject to an option agreement between Sandy Lake Gold Inc. (recently renamed G2 Goldfields Inc.) and Goldeye.

Three other gold exploration properties were inherited with the Goldeye acquisition: Gold Rock/Thunder Cloud; Shining Tree-Fawcett; and, Van Hise/Larder Lake (subsequently dropped), all of which reside in the Province of Ontario. All of these properties are grassroots with no exploration permits in place for more advanced field work, such as diamond drilling.

**GOLIATH GOLD PROJECT**

**TECHNICAL REPORTS**

**Mineral Resource Estimate (October 2018)**

The 2018 Mineral Resource Estimate is an update to the NI 43-101 Mineral Resource Estimate previously released on August 28, 2015 (the "2015 Mineral Resource Estimate") and includes results from a database representing an additional 98 diamond drill holes totaling 41,500 m of infill drilling completed between 2016 and 2018.

**2018 Mineral Resource Estimate Highlights include:**

- ❖ A successful conversion program:
  - Total Measured and Indicated Mineral Resources are now 1,229,800 gold equivalent ("AuEq") ounces (16.20 Mt at 2.36 g/t AuEq);
- ❖ Measured and Indicated Underground AuEq Ounces increased by 64% from the 2015 Mineral Resource Estimate;
  - Totalling 640,100 AuEq ounces with an average grade of 5.54 g/tonne AuEq (5.39 g/t Au);
  - Open Pit Mineral Resource shell optimized further to contain less waste and could lead to an improved strip ratio;
  - A portion of the increase can be attributed to redefining the boundary between the Underground and Open Pit Mineral Resources resulting in a higher portion of AuEq ounces reported within the Underground Mineral Resource capturing the high grade ounces.
- ❖ Gold Equivalent Grade increase for combined Measured and Indicated Mineral Resources
  - In-Pit: +9.0 % (1.45 g/tonne AuEq);

- Out of Pit: +8.0 % (5.54 g/tonne AuEq);
  - Total: +34.1 % (2.36 g/tonne AuEq).
  - Silver Grade increase in Measured and Indicated Mineral Resources
- ❖ Mineral Resources at Goliath remain open at depth and has exploration potential for additional mineralized shoots along strike.

The following table summarizes the NI 43-101 Mineral Resource Estimate in the Measured, Indicated and Inferred Mineral Resource classifications:

2018 Mineral Resource Estimate (Notes 1-8)

	Classification	Cut-off Grade AuEq g/t	Tonnes	Au (g/t)	Contained Au (oz)	Ag (g/t)	Contained Ag (oz)	AuEq (g/t)	Contained AuEq (oz)
<b>Pit Constrained</b>	Measured	0.4	762,000	1.91	46,700	8.9	217,000	1.99	48,700
	Indicated	0.4	11,849,000	1.37	522,400	5.5	2,083,000	1.42	541,000
	<b>Meas + Ind</b>	<b>0.4</b>	<b>12,611,000</b>	<b>1.40</b>	<b>569,100</b>	<b>5.7</b>	<b>2,300,000</b>	<b>1.45</b>	<b>589,600</b>
	Inferred	0.4	595,000	1.05	20,100	2.6	50,000	1.08	20,600
<b>Out of Pit</b>	Measured	1.9	163,000	6.42	33,600	25.8	135,000	6.65	34,800
	Indicated	1.9	3,429,000	5.34	589,000	16.6	1,834,000	5.49	605,300
	<b>Meas + Ind</b>	<b>1.9</b>	<b>3,591,000</b>	<b>5.39</b>	<b>622,600</b>	<b>17.1</b>	<b>1,969,000</b>	<b>5.54</b>	<b>640,100</b>
	Inferred	1.9	1,414,000	4.43	201,500	11.4	519,000	4.53	206,100
<b>Total</b>	Measured	0.4&1.9	925,000	2.70	80,300	11.8	352,000	2.81	83,400
	Indicated	0.4&1.9	15,277,000	2.26	1,111,400	8.0	3,917,000	2.33	1,146,300
	<b>Meas + Ind</b>	<b>0.4&amp;1.9</b>	<b>16,202,000</b>	<b>2.29</b>	<b>1,191,700</b>	<b>8.2</b>	<b>4,269,000</b>	<b>2.36</b>	<b>1,229,800</b>
	Inferred	0.4&1.9	2,009,000	3.43	221,600	8.8	569,000	3.51	226,700

1. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
2. The Inferred Mineral Resource in this estimate has a lower level of confidence than that applied to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of the Inferred Mineral Resource could be upgraded to an Indicated Mineral Resource with continued exploration.
3. The Mineral Resources in this press release were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council.
4. A gold price of US\$1,250/oz and silver price of US\$17.00/oz based on the July 31, 2018 approximate three year trailing average prices and an exchange rate of US\$0.80=Cdn\$1.00 were utilized in the AuEq cut-off grade calculations of 0.40 g/t AuEq for Pit Constrained (>170 metres elevation above sea level or <230 metres depth from surface) and 1.90 g/t AuEq for Out of Pit Mineral Resources.
5. Open Pit mining costs were assumed at Cdn\$3.45/t for mineralized material, Cdn\$3.30/t for waste rock and Cdn\$2.00/t for overburden, while Underground mining costs were assumed at Cdn\$78.00/t, with process costs of Cdn\$18.15/t, G&A of Cdn\$2.86/t, and process recoveries of 95.5% for gold and 62.6% for silver.
6. The Au:Ag ratio used for AuEq was 1:112.17.
7. A bulk density model averaged 2.76 t/m<sup>3</sup> for mineralized material.
8. Totals in the table may not sum due to rounding.

## **Preliminary Economic Assessment Update (April 2017)**

### PEA Highlights:

- ❖ After-Tax NPV of CAD\$306 million and IRR of 25% at US\$1,225 per ounce;
- ❖ The PEA benefits from a 44% increase in the Life of Mine (“LOM”) gold production profile, while taking a conservative approach with respect to operating and capital costs compared with the 2012 PEA;
- ❖ Average annual production of 87,850 oz Au over a 13 year combined open pit and underground mine life; peak production exceeding 100,000 oz per year Au from years three to six;
- ❖ LOM head grade of 3.8 g/tonne (Au), an increase of 33% from the 2012 PEA; and
- ❖ Total cash cost is estimated at US\$525 per equivalent gold ounce (“AuEq”) and an all-in sustaining cost (“AISC”), as defined by the World Gold Council, estimated at US\$611 per AuEq;

The optimized mining plan used in the PEA envisions an initial open pit generating immediate revenues to fund underground development. Underground (“UG”) production begins in the second year with the open pit operating over an additional 7 years at a reduced output to supplement UG production to a total of 2,500 tonnes per day over the course of a 13-year total mine life. Total gold production is estimated at 1.14 million ounces of gold and 2.0 million ounces of silver. Initial capital to fund construction is estimated at CAD\$133.2 million with an additional CAD\$132.5 million in sustaining capital over the LOM primarily to fund the underground expansion.

The mine is proposed to produce an average head grade of 3.81 g/t gold and 10.55 g/t silver with Open Pit and UG mining producing average grades of 1.58 g/t and 4.87 g/t of gold, respectively. The infill diamond drilling programs completed to date since an earlier PEA in 2012 (the “2012 PEA”) have resulted in improved project economics and overall confidence in the mine plan. The stripping ratio of waste rock to mill feed has been reduced to 6:1, which represents a 35% improvement over the 2012 PEA. This stripping ratio does not include pre-production stripping of approximately 1.3 million metres cubed of overburden material.

Underground production is envisioned to be carried out at an average rate of 1,600 tonnes per day using the long hole stoping method on 30 metre sublevels. Average underground operating costs have been estimated at \$77/tonne, a 28 per cent increase over the cost assumption in the 2012 PEA. The full Updated Preliminary Economic Assessment was filed on SEDAR on April 17, 2017 ([www.sedar.com](http://www.sedar.com)).

## **ENVIRONMENTAL, PERMITTING AND DEVELOPMENT ACTIVITIES**

A number of exploration and development programs are ongoing for the further advancement of the Goliath Gold Project, as outlined in their respective sections below.

### Environmental Impact Statement

A Project Description (“PD”) for the Goliath Gold Project was submitted on November 27, 2012 and accepted on November 30, 2012 by the federal government’s Canadian Environmental Assessment Agency (“CEAA”).



The Company's PD initiated the official permitting and approvals process for mine development. This milestone marked a significant advancement in the development of the Goliath Gold Project and officially began the federal government's 365-day legislated period for the completion of the Environmental Assessment ("EA") by CEAA.

Pursuant to the Canadian Environmental Assessment Act 2012, the PD outlines the proposed Project development plan and will provide a greater understanding of the Project to the appropriate agencies and authorities. Any associated infrastructure needed to successfully develop and operate the project is described within the document. The PD also outlines the results of Treasury Metals environmental baseline studies, which are ongoing, as well as anticipated socioeconomic and environmental impacts, and consultations and communications to date with local, provincial and federal government agencies, Indigenous peoples, communities, and the general public. The Company's environmental baseline studies, initiated in the fall of 2010, support the permitting process. Environmental baseline studies are ongoing and to date have identified "no fatal flaws" for the Goliath Gold Project.

Following the initial submission of the EIS to CEAA, CEAA returned two rounds of comments and questions to complete for the document, as a whole, to be accepted for concordance with the requirements of the EIS guidelines. The legislated timeline for completion was officially paused while the Company made the requested edits. The Company, along with its consultants lead by Tetra Tech WEI Inc., answered comments and questions in the document for CEAA. Part of this process included submission of an updated draft V2 of the EIS document to CEAA for review on December 23, 2014, followed by official V3 of the document on March 9, 2015, which subsequently re-started the legislated timeline for completion. Subsequent to this, CEAA returned another round of comments which the Company completed and submitted in April 2015. On April 10, 2015, CEAA confirmed that the Treasury Metals Goliath Project EIS conforms to the CEAA Guidelines. As a result, the Project moved on to the public comment period and technical reviews conducted by various federal government agencies. The public comment period took place in a 30-day period from April 25 to May 24, 2015, and included Indigenous peoples and general public open house meetings lead by CEAA. Treasury Metals and the Company's consultants who have provided input into the EIS were represented at these meetings to provide technical content for these sessions. Most meetings occurred in the Dryden, Ontario and Wabigoon, Ontario areas.

As a normal part of the EA process, CEAA returned a series of Information Requests stemming from the public comment period and CEAA's own technical review of the EIS. Wood Environmental ("Wood") was engaged as a principal consultant to lead the technical work to return responses to CEAA. These were submitted in September 2017. As of July 6, 2018, CEAA has stopped the clock by returning a series of technical comments on the revised EIS as part of IR#2. CEAA accepted the Company's submission of responses to the IR#2 comments on March 14, 2019, which resumed the federally legislated timeline to approve the Federal Environmental Assessment and register a decision. As at March 31, 2019, the remaining legislated timeline is 24 weeks.

Under the Federal Environmental Assessment process, the remaining legislated timeline includes a formal review along with a 30-day final public comment period on a draft EA Report and potential conditions of

approval, and up to 60 days for a ministerial decision at which point the federal government renders a decision notice.

The Company continues to actively work with CEAA. Treasury also received a number of technical comments from First Nations. Treasury has responded to this initial series of technical comments as part of the delivery of IR#2. The Company is continuing to organize and supports continued technical review and discussion with local Indigenous communities.

This body of additional technical work will also be used in the engagement and consultation process with Indigenous peoples and communities, and the general public. The provincial permitting application process for the Goliath Gold Project is ongoing and will run in a parallel fashion along with the federal environmental assessment process. Treasury Metals continuously communicates with provincial agencies (MENDM, MOECC, MNRF) via phone, correspondence and other meetings, as required.

A meeting was held with Hydro One to confirm power requirements and discuss the connectivity permitting process. Treasury has received verbal confirmation that capacity is available on the local 115 kV line on site and that this location is ideal for a power connection. Contact has been made with the Independent Electricity Systems Operator to begin the electrical connection process.

Treasury Metals also continues to advance technical engineering and environmental programs that support the Goliath Gold Project's Environmental Impact Statement. These technical programs will also flow into the Feasibility Study.

#### Scoping/Optimization Study:

A scoping/optimization study is designed to narrow the ore processing and tailings storage options and is complementary to both the EIS and the Feasibility Study work. The purpose of evaluating all additional options is to improve project economics by significantly reducing CAPEX requirements for the project and simplifying environmental permitting, especially if cyanide extraction could be eliminated. These study results are also included in the "Alternatives Assessment" as required for the EIS to demonstrate that "all technically feasible" options for the project have been considered.

Metallurgical work and initial testing have indicated that very good gold recovery values could be expected using gravity separation and flotation alone. This study continues to show positive results for metallurgical processes with the Goliath Project. Recoveries using floatation were on the order of 90-92% as compared with previous testing showing greater than 95% gold recovery for a CIL process. The potential use of a gravity-flotation circuit has been included in the metallurgical alternatives assessment as part of the EIS to compare both economic and environmental factors. The CIL processing method was selected as the preferred alternative for submission in the EIS. As part of the EIS, the Company proposes to use reverse osmosis in order to meet regulatory requirements.

## Community Relations

Engagement efforts with the Indigenous and public communities has primarily focused on development of key milestones and providing opportunities for all regional communities to identify their input and describe how the Project may affect their land use, and their way of life. Treasury Metals has been in contact with stakeholders of both public and Indigenous standing throughout the environmental assessment process, and all stages of Project development. Treasury Metals has been in direct contact with all potentially affected Indigenous communities as defined by the Canadian Environmental Assessment Agency (“CEAA”), and the Ministry of Energy, Northern Development and Mines. All prior communication with Indigenous and public stakeholders up to April 2017 has been captured within the revised EIS, Appendix DD and Appendix V.

Current engagement activities have focused on delivery and dissemination of technical work supporting the continuation of the federal permitting phase. Treasury Metals has been in communication with all Indigenous parties, the company continues to document all efforts to date. All Indigenous communities have been provided all relevant documentation, and the opportunity to access capacity funding has been provided. To date four (4) communities have provided proposals to aid in their review of the Goliath Gold Project, and all proposals have been received. Treasury Metals has agreed in principle to reasonable proposed costs to ensure continued open dialogue and the integral review of the Project and its potential effect to traditional land use purposes within the area.

Treasury Metals has finalized two (2) separate interim funding agreements with Eagle Lake First Nation to support the development of the Project and followed this with the formal execution of a Memorandum of Understanding. In addition to this, in December 2017, Treasury signed a Memorandum of Understanding with the Métis Nation of Ontario. In recent activities, on March 20, 2019, the Company announced the signing of an Engagement Agreement with Wabauskang First Nation. Treasury Metals staff is working cooperatively with all third party and community representatives to secure community input to the Project, and to finalize additional long-term agreements with regional stakeholders as part of the continued development of Goliath.

Treasury Metals, as stated, continues to engage and support capacity funding opportunities to ensure open and transparent dialogue regarding the development of the Project. All efforts have been documented in support of the federal EIS, and the permitting process. All efforts will be presented as part of the final delivery of the EIS and Information Request responses to the Canadian Environmental Assessment Agency.

## **EXPLORATION**

Since Treasury Metals began drilling Goliath Gold Project in 2008 to present day, a total of 534 diamond drill holes comprised of 500 newly collared holes, 4 wedge holes, and 30 re-entry holes for a total of 170,051 metres have been drilled on the property. Complete details of drilling results can be found on the Company’s website at [www.treasuremetals.com](http://www.treasuremetals.com).

The Company has received the results of its initial phase of a regional soil sampling program completed during the 2018 field season. The program focused over the Goliath Gold Deposit and 3.0 kilometre coverage

along strike, northeast of the resource area to the regional fold nose. Historically, previous operator Teck found several high-grade gold intersections along this alteration corridor including 45.4 g/t over 1.5 m in hole TL208 and 25.9 g/t over 0.8 m in TL271; and, the area continues to show significant exploration potential. The soil was tested by Activation Laboratories using their Spatiotemporal Geochemical Hydrocarbon (SGH) and UltraTrace-1 multi-element package to provide a basis to characterize the geochemical signature of the Goliath Gold Deposit and explore for similar mineralization signatures along strike. The second phase of this soil sampling program is currently being finalized and will cover the remaining strike length across the Goliath claim package.

The Company has also retained Golden Mallard Corp. to assist with the interpretation of all completed geophysical surveys across the property to ensure this data is fully utilized in the current geological model. This work, along with the information from the regional soil sample program, will be reviewed and incorporated into the current exploration plans to finalize future regional step out programs.

Treasury has also commenced planning efforts in anticipation of a down-hole induced polarization (IP) survey across the deposit area. This program will use existing holes to help map the high-grade shoots down-dip for future drilling programs, as well as detect any previously unknown nearby mineralized concentrations. This technique has proven successful at locations within the region, notably Harte Gold in its identification of the Middle Zone, an extension located to the east of the Sugar Zone. Once completed, a deep target drill program, extending the high-grade shoots at depth will be developed to expand the current resources.

In August 2016, the Company initiated a 5,000 metre program focused primarily on converting underground “Inferred” resource blocks to the “Indicated” category within the main resource area. This program was designed by Treasury Metals and P&E Mining Consultants Inc. (“P&E”) who prepared the 2015 NI 43-101 Mineral Resource Estimate for the Goliath Deposit (Press Release dated August 28, 2015). The drilling program initially targeted high-grade blocks (those with grades of >5.0 g/t AuEq) that reside mainly within, adjacent to and down dip of known Main Zone gold-bearing shoots at vertical depths in excess of 400 m from surface to a maximum depth of around 600 m over a strike length of around 950 m along the main gold deposit. Further, C Zone resource conversion drill targets were also identified for testing.

On October 2, 2017, the Company announced results from its recently completed 4,360 metre condemnation and exploration drilling program at the Company’s flagship Goliath Gold Project. The condemnation program drilled several areas where future mining infrastructure will be situated, including milling and mining operations, and is encouraged by a number of new near surface intersections northeast of the proposed open pit. Gold mineralization was intersected in several drill holes approximately 80 to 350 metres from the proposed open pit. Due to the proximity to the proposed open pit, these and future drilling results, may lead to an eastern expansion of the pit and/or underground operations (“East Resource Target”). There were a number of near surface highlights within the C Zone, located approximately 20-60 metres behind the Main Zone.

On May 30, 2018 the Company released additional assay results from the active infill and resource expansion/exploration drilling program. The title hole of this release, TL18-489, intersected 65.78 g/t over 3.00m including 1.00 m at 196.00 g/t in the C Zone, following up on nearby historical holes TL161-14RE which returned 5.47 g/t over 4.00m, TL17-422 with 4.10 g/t 5.00m, and TL16-420 with 2.72 g/t over 6.00m

(see attached C Zone image). The Company is encouraged to see mineralization at the bottom of the C Zone shoot, which is located behind the Main Zone. Further drilling in the area may delineate new gold ounces into inferred resources and eventually the mine plan.

On August 13, 2018, Treasury Metals announced assay results from three active exploration drilling zones, including results in the East Resource Target area, down dip within the developing C Zone shoot, and additional deep Main Zone infill drilling at the Company's flagship Goliath Gold Project located in northwestern Ontario.

**Goliath Gold Project latest eight quarters of exploration and development program expenditures**

Goliath Gold Project	Balance	Incurred in three months ending				Balance
	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	31-Mar-19
Metallurgy	240,467	-	-	-	-	240,467
Geochemistry	121,388	-	-	-	-	121,388
Geotechnical	137,649	-	-	-	-	137,649
Hydrogeology	206,336	-	-	-	-	206,336
Environmental	1,150,996	-	-	-	-	1,150,996
Environmental Assessment	3,315,167	390,882	373,340	361,149	279,218	4,719,756
Pre-Feasibility & Feasibility	1,573,562	339,661	99,591	35,990	32,624	2,081,428
Drilling and other exploration exp.	20,549,006	1,660,551	230,889	134,882	168,083	22,743,411
Community Relations	281,987	17,557	50,403	129,057	137,840	616,844
Property purchases and payments	28,374,113	-	-	-	104,775	28,478,887
Dryden - salaries and consultants	7,035,020	155,895	200,440	107,869	121,189	7,620,413
Dryden Infrastructure	2,895,620	56,148	57,158	75,062	48,010	3,131,998
Amortization	400,936	10,797	10,797	11,091	11,793	445,414
Black scholes on options compensation	1,086,305	16,272	9,734	561	22,757	1,135,629
<b>Total Goliath Gold Project</b>	<b>67,368,552</b>	<b>2,647,762</b>	<b>1,032,352</b>	<b>855,661</b>	<b>926,289</b>	<b>72,830,616</b>

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Goliath Gold Project	Balance	Incurred in three months ending				Balance
	31-Mar-17	30-Jun-17	30-Sep-17	31-Dec-17	31-Mar-18	31-Mar-18
Metallurgy	240,467	-	-	-	-	240,467
Geochemistry	121,388	-	-	-	-	121,388
Geotechnical	137,649	-	-	-	-	137,649
Hydrogeology	206,336	-	-	-	-	206,336
Environmental	1,145,138	-	5,858	-	-	1,150,996
Environmental Assessment	2,202,424	321,138	287,151	202,294	302,160	3,315,167
Feasibility	868,075	127,924	69,477	64,745	443,342	1,573,562
Drilling and other exploration exp.	18,834,613	162,037	655,959	211,809	684,589	20,549,006
Community Relations	200,491	515	6,657	11,690	62,633	281,987
Property purchases and payments	28,269,765	-	-	-	104,348	28,374,113
Dryden - salaries and consultants	6,631,951	234,858	6,828	39,981	121,402	7,035,020
Dryden Infrastructure	2,696,566	58,651	44,891	45,895	49,617	2,895,620
Amortization	356,561	10,893	10,893	11,792	10,797	400,936
Black scholes on options compensation	985,512	-	65,019	19,322	16,452	1,086,305
<b>Total Goliath Gold Project</b>	<b>62,896,937</b>	<b>916,016</b>	<b>1,152,732</b>	<b>607,528</b>	<b>1,795,339</b>	<b>67,368,552</b>

### LARA POLYMETALLIC PROJECT

The Company inherited the Lara Project in early 2008, as part of the spin-out transaction from Laramide Resources Ltd. The Company, as a gold focused exploration and development company, does not consider this project to be a high priority in terms of its overall corporate strategy. Due to current market conditions, only minimal geological fieldwork has been done on the property. The Company would consider seeking a purchaser or joint venture partner for this non-core project.

In July 2018, Treasury Metals initiated an airborne LiDAR survey with Terra Remote Sensing Inc. (“Terra”) over the entire Lara claim package covering 63.88 km<sup>2</sup>. This survey will not only increase the accuracy of future resource and engineering studies, but also aid in the successful planning and execution of future exploration programs. The survey was successfully flown on July 13, 2018 and the data processed and delivered over the following 2 months. A full set of 10cm resolution orthophotos comprising of 89 TIF image files, along with 1m resolution elevation contours, and 1m Digital Elevation Model (“DEM”) were provided to Treasury.

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**Lara Project latest eight quarters of exploration program expenditures**

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	31-Mar-18	30-Jun-18	30-Sep-18	31-Dec-18	31-Mar-19	31-Mar-19
Consultants	129,117	-	-	-	-	129,117
Surveys	18,034	-	15,106	10,070	-	43,210
Camp field and land costs	709,178	-	500	-	-	709,678
<b>Total Lara Polymetallic Project - BC</b>	<b>856,329</b>	<b>-</b>	<b>15,606</b>	<b>10,070</b>	<b>-</b>	<b>882,005</b>

Lara Polymetallic Project - BC	Balance	Incurred in three months ending				Balance
	31-Mar-17	30-Jun-17	30-Sep-17	31-Dec-17	31-Mar-18	31-Mar-18
Consultants	129,117	-	-	-	-	129,117
Surveys	18,034	-	-	-	-	18,034
Camp field and land costs	518,973	-	190,205	-	-	709,178
<b>Total Lara Polymetallic Project - BC</b>	<b>666,124</b>	<b>-</b>	<b>190,205</b>	<b>-</b>	<b>-</b>	<b>856,329</b>

**GOLDEYE EXPLORATIONS LIMITED**

On November 24, 2016, the Company closed the acquisition of all of the issued and outstanding common shares of Goldeye Explorations Limited (“Goldeye”) a public company that holds the Weebigee Project. The details of the acquisition are disclosed in Note 8 of the interim condensed consolidated financial statements. The principal project of Goldeye is the Weebigee Project, and additional properties including Gold Rock/Thunder Cloud and Shining Tree-Fawcett; Goldeye also has various NSR interests shown below.

**Weebigee Project**

The Weebigee Project is located near Sandy Lake, north of Red Lake in northwestern Ontario. The Company holds a 100% interest in the property, which comprises 225 claims. Certain claims are subject to a 1% net smelter return (“NSR”) that is held by a former director of Goldeye.

On April 15, 2015, Goldeye entered into an option agreement (the “GPM Option Agreement”) with GPM Metals Inc. (“GPM”) whereby GPM has an option to earn a 50.1% interest in the Weebigee Project by paying a total of \$550,000 in cash (\$50,000, \$100,000, \$150,000 and \$250,000 received in 2015, 2016, 2017 and 2018 respectively) and \$25,000 in shares (issued in 2015) to Goldeye over a period of four years. GPM must also complete a minimum of \$5,000,000 in exploration expenditures over a four-year term. In addition, if the first option is exercised, GPM will have the option to earn an additional 19.9% interest by either funding a bankable feasibility study, or at GPM’s option, paying Goldeye an additional \$1,500,000 in cash and

completing a minimum additional \$3,000,000 in exploration expenditures over the next two years. This option agreement is subject to the terms of the exploration agreement signed between Goldeye and Sandy Lake First Nation (“SLFN”) on November 12, 2013. This exploration agreement was renewed for a two-year period on the same terms commencing on November 12, 2014, then renewed on the same terms for a further two-year period. On November 15, 2018, the agreement was signed for a further one year.

In July 2016, GPM sold its interest in the Weebigee property to Sandy Lake Gold Inc. (the “Optionee” or “SLG”). In April 2019, SLG announced it changed its company name to G2 Goldfields Inc. (the “Optionee” or “G2”).

Subsequent to Treasury’s acquisition of Goldeye, a number of disputes arose from the Option Agreement: the existence of a force majeure being validly declared; whether or not Sandy Lake Gold had met the first year expenditure requirements; and whether Goldeye met the requirements necessary to participate in 50% of certain additional properties staked by Sandy Lake Gold. These disputes went through an arbitration process that resulted in a decision that a force majeure event had occurred and, therefore, the first year’s expenditure deadline was extended, the first year’s expenditure requirement was met, and that Goldeye had not met the conditions to participate in specific additional property purchases. On January 16, 2019, the Arbitration Panel ruled that SLG is entitled to a costs award of \$926,960 which was recorded in the consolidated statement of operations of the year ended December 31, 2018.

During the course of the above-described arbitration, SLG brought a counterclaim against Goldeye for \$2,000,000 plus pre-judgment and post-judgment interest and costs on a full indemnity basis for breach of contract, including breach of certain representations, warranties, and covenants. No further steps have been taken by SLG to advance the counterclaim so full discovery has not yet taken place. Accordingly, no amounts have been recorded in the interim condensed consolidated financial statements related to this matter.

Weebigee is a large, relatively unexplored property which covers the most prospective portions of the Sandy Lake Greenstone belt, with similarities to the geology in the Red Lake District. In the Northwest Arm area, numerous gold showings occur within shoreline exposures of quartz-rich felsic pyroclastic units, proximal to a major deformation zone that crosses a folded ultramafic unit under the lake. Where high strain zones are evident, the felsic units show hydrothermal biotite-silica alteration, quartz veining and patchy to pervasive silica flooding, along with the development of distinct blue quartz eyes. It should be noted that much of the geology is obscured by shallow lakes and clay deposits, and the main deformation zones have never been drill tested. In the past, shoreline mapping/prospecting located a number of auriferous quartz tourmaline veins and silicified zones controlled by mafic-ultramafic dyke filled splays or high strain zones crosscutting regional foliations. Crack and seal textures, drag folded and dismembered veins, multi-stage quartz veining and local strong silica replacement zones indicate that hydrothermal alteration occurred during periods of active brittle-ductile deformation along the high strain zones. Geophysics and recent drilling indicates that a folded ultramafic horizon is located just offshore of several of these auriferous high strain zones.

Previous drilling (1988 and earlier) was limited to short holes targeting quartz tourmaline veins on the Bernadette, Wavano and Tully showings. Drilling indicated that the vein hosted gold mineralization persisted to depth, but was generally narrow where intersected (gold intercepts of 7.5 g/t over 0.8 metres, 27 g/t over



0.1 metres and 25.9 g/t over 0.1 metres). Wider zones of auriferous silicification and biotite alteration had seen limited chip sampling (eg. Knoll zone); at Knoll, two historic chip samples had been taken along a sample line across the zone, returning gold values of 19.3 and 8.2 g/t over a total composite length of 5.5 metres.

This area was the focus of the 2013 channel sampling and mapping programs, which confirmed the high grade nature of the showing (individual 0.3 m channels assayed 20.9, 22.0 and 34.1 g/t) as well as much more widespread highly anomalous gold mineralization (27 gold channel sample assays greater than 1 g/t). Several 2 to 5 metre wide areas of the Knoll zone show complete silica-biotite replacement of the quartz crystal tuff units, indicating a widespread, long-lived structural and hydrothermal event.

A 23-hole drill program completed during February and March 2014, resulted in a significant high-grade gold discovery at Weebigee. Drilling focused on three showing areas (Knoll, Bernadette, and RvG4) that returned significant gold values from channel sampling in 2013. The following table highlights the gold grades over core interval composites (uncut) from this 2014 drill program:

Zone	Hole	Depth (M)	Interval (M)	Assay (g/t Au)
Knoll	BK 14-07	51.8 - 55.70	3.90	18.69
Knoll	BK 14-05	14.65 - 18.15	3.50	12.45
Knoll	BK 14-16	78.33 - 85.16	6.83	8.59
Knoll	BK 14-11	22.10 - 27.57	5.47	6.71
Knoll	BK 14-12	20.70 - 27.73	7.03	6.76
Bernadette	BK 14-03	34.15 - 35.30	1.15	70.23
Bernadette	BK 14-23	7.85 - 11.70	3.85	10.89
RvG4	BK 14-18	43.56 - 47.53	3.97	23.15
RvG4	BK 14-17	48.68 - 53.19	4.51	9.35

Each of the 15 drill holes at the Knoll Zone intersected significant gold mineralization. Twenty-four core samples assayed over 10 g/t Au, including 1 intersection of 57.9 g/t Au. On the parallel Bernadette Zone, 100 m to the east, 5 individual assays over 10 g/t Au were returned, including one of 131 g/t and one of 230 g/t Au. The RvG4 Zone, on strike and 500 m to the northwest, also returned high-grade gold values with 8 core samples over 10 g/t Au, 5 of which were over 30 g/t Au. Overall, visible gold was noted in 50% of the holes drilled. At Knoll a strike length of 100 metres was tested, with only one hole stepped back to test a vertical depth of 100 metres. All zones remain open in all directions.

In the summer of 2015, a Prospecting and Airborne Survey was completed consisting of 1,274.5 km of horizontal gradiometer and VTEM data collected over two blocks, B and F, on the western part of the Sandy Lake greenstone belt. Line separation was 200 metres with a mean sensor altitude of 45 metres. Third party consultants interpreting the data reported that the EM and magnetic configurations of the system were well suited for the geological environment at Sandy Lake and that data was of good quality.

On May 7, 2016, Goldeye received an exploration permit from Ontario's Ministry of Northern Development and Mines ("MNDM"). The permit was valid through May 6, 2016. On August 10, 2016, MNDM issued a new permit valid through August 9, 2019. The permit can be renewed for an additional three-year period.

On May 13, 2019, Treasury Metals announced significant exploration results by its Optionee on Treasury's 100% owned Weebigee Gold Project in northwestern Ontario. Treasury's Optionee G2 Goldfields Inc. (the "Optionee" or "G2") (formerly named Sandy Lake Gold Inc.) reported in a press release the results: drilling of six holes, totaling 1,980 meters have been completed. The holes are on the Treasury Metals property under Option Agreement with G2. Drilling highlights include: From 58 m: 2.4m at 3.89 g/t Au; From 69m: 8.0m at 34.5 g/t Au; From 95.8m: 1.64m at 49.83 g/t Au; and, From 104m: 3.0m at 3.06 g/t Au. Additional details can be found in press release dated May 13, 2019 at [www.treasuremetals.com](http://www.treasuremetals.com).

The other areas of interest on the Weebigee project include Sandborn Bay, which hosts numerous Cu-Zn showings, some with highly elevated silver values in cherty and cordierite-rich horizons. The Canoxy area and Tully and Tully West showings host gold mineralization related to sulphide and sulphidized iron formation.

#### Community Relations

Engagement and community relation efforts have been ongoing with Sandy Lake First Nation. Company representatives have conducted communication efforts and multiple community visits as part of these activities. Treasury Metals held a collaborative meeting with leadership of the community and Treasury's Optionee. These meetings have resulted in the current Exploration Agreement in place, as described earlier in this MD&A.

#### **Gold Rock Project, Kenora Mining Division, Ontario**

The Company's 100% owned Gold Rock Project is located near Dryden, Ontario and comprises two properties, the Gold Rock property, consisting of 20 legacy claims and the Thunder Cloud property consisting of 1 legacy claim. All claims at the Gold Rock Project are in good standing until 2018 or later.

#### **Shining Tree-Fawcett Project, Ontario**

The Shining Tree-Fawcett Project consists of 53 claims in Fawcett, Leonard, MacMurchy and Tyrell townships, near Timmins in northeastern Ontario. Fifty-two of the claims are 100% owned by Goldeye and one claim is 50% owned by Goldeye and 50% owned by third parties. All claims are in good standing. The property is subject to net smelter returns ranging from 2% to 3% on certain claims in this area.

On August 6, 2014, Goldeye received \$30,000 from Creso Resources Inc. ("Creso") as settlement towards the dispute relating to Creso's termination of an option agreement on February 1, 2012. The option agreement was originally entered into in January 2010 whereby the Company optioned up to 75% of 23 claims in Tyrrell Township in the Shining Tree-Fawcett Project to Creso.

## Other Goldeye Interests

The Company has also the following NSR interests which were held by Goldeye: Sonia-Puma NSR – Region V, Chile; McFaulds Lake NSR – Thunder Bay Mining Division, Ontario; and, MacMurphy Township NSR – Larder Lake Mining Division, Ontario.

## SELECTED QUARTERLY FINANCIAL INFORMATION

The following table summarizes selected financial data for Treasury Metals for each of the last eight quarters. The information set forth below should be read in conjunction with the March 31, 2019 interim condensed consolidated financial statements and the related notes thereto, prepared by management in accordance with International Financial Reporting Standards. Detailed explanations of quarterly variances are included in each quarterly MD&A filed on SEDAR.

In 2018, the Company adopted the IFRS 9 - financial Instruments and the IFRS 16 – leases which have been explained in the Note 2 of the consolidated financial statements at December 31, 2018.

	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
	Mar-19	Dec-18	Sep-18	Jun-18	Mar-18	Dec-17	Sep-17	Jun-17
	\$	\$	\$	\$	\$	\$	\$	\$
Other income	883	-	1,046	-	699	-	375	-
Expenses	622,491	2,266,775	682,415	1,421,883	1,279,765	984,624	1,193,830	1,545,281
Investments write-off	-	-	-	-	-	65,018	-	-
Loss on debt extinguishment	-	(112,259)	-	-	-	1,311,635	-	-
Fair value change of derivative liability	5,466	452,474	(142,460)	(962,242)	(123,195)	(1,247,543)	(39,491)	(289,260)
Income tax expense (recovery)	(61,364)	30,235	-	-	(280,035)	(1,146,129)	-	-
Net loss	(565,710)	(2,637,225)	(538,909)	(459,641)	(875,836)	32,395	(1,153,964)	(1,256,021)
Net loss per share (basic and diluted)	0.00	(0.02)	0.00	0.00	(0.01)	0.00	(0.01)	(0.01)
Other comprehensive income (loss)	(179,232)	(179,232)	(105,837)	(58,369)	105,795	179,872	(146,665)	(143,175)
Total comprehensive loss	(744,942)	(2,816,457)	(644,746)	(518,010)	(770,740)	212,267	(1,300,629)	(1,399,196)
Mineral properties and deferred costs	77,546,112	76,503,961	75,578,724	74,515,143	72,115,581	70,290,674	69,680,819	68,551,003
Total current liabilities	3,728,491	3,704,689	6,339,052	2,005,184	2,531,538	3,002,512	3,447,936	3,345,656
Total assets	81,177,247	81,623,662	80,306,482	81,926,077	77,215,813	78,183,283	75,514,507	76,318,505

The most significant expense variances quarter to quarter are due to the vesting cost of the various stock option issuances while there is also \$149,734 and \$1,311,635 in Q4 2018 and 2017, respectively, of loss on the Extract/Loinette debt amendments which were treated as debt extinguishments for accounting purposes. In

2017 and 2018, there are gains or losses due to the fair value variances of the derivative liabilities; also, there is the amortization of transaction costs and accretion of the convertible debt from Extract/Loinette. Q4 expenses include \$820,325 of a cost award made as a result of the arbitration between Goldeye and Sandy Lake Gold.

The quarterly variations in the other comprehensive income (loss) result from the quarter end adjustments to market value of the shares of Goldgroup Mining Inc., Zinc One Resources Inc. and Millrock Resources Inc. The fluctuation in total assets from one quarter to the next is primarily a function of cash increases through the financing transactions, issuance of shares, the exercise of warrants and options, the valuation at fair market value of the long-term investments, and the use of cash for operating expenses.

## FINANCIAL RESULTS OF OPERATIONS

*Period ended March 31, 2019 compared with period ended March 31, 2018*

The net loss for the period ended March 31, 2019 was \$565,710 (2018 – \$875,836). The variance is explained as follows:

- In Q1 2019, office and administrative expenses are \$50,637 higher than Q1 2018, which is explained by the Q1 2018 \$45,938 agreed reduction of the management fees payable to the former Goldeye management.
- Professional fees expense in Q1 2019 is \$438,806 lower than Q2 2018 mainly due to the legal expenses regarding the Sandy Lake arbitration spent in 2018.
- In Q1 2019, \$145,609 salary and benefits expense is \$45,199 lower than the \$190,808 expenses in Q1 2018 mainly due to the merging of the Investor relations and CEO roles.
- In Q1 2019, there is \$56,940 of stock-based compensation expense against \$34,098 in Q1 2018 due to the lower balance of unvested options in 2018.
- In Q1 2019, the accretion and amortization of transaction costs on financing debt is \$17,687 lower than Q1 2018 because at present there is a longer period of accretion due to the debt amendment signed in November 2018.
- Interest in Q1 2019 is at the same level as Q1 2018 because there have not been any changes in the Extract loan amount or interest rate.
- There is a \$93,043 foreign exchange gain in Q1 2019 versus a \$138,402 loss in Q1 2018 mainly due to the effect of the US dollar weakening against the Canadian dollar in 2019 versus a Canadian dollar weakening against the US dollar in Q1 2018; such variances mainly impacts on the US dollar debts of the Company.
- In Q1 2019, there is a \$5,466 unrealized loss from the change of the fair value of the derivative liabilities compared to a \$123,195 gain in Q1 2018. The derivative liability is a result of the conversion feature of the US dollar denominated Extract/Loinette convertible debt
- The deferred tax gain in Q1 2019 of \$61,364 is lower than the \$280,035 gain of Q1 2018, mainly due to the lower premium regarding the flow-through shares issued in December 2018 against the premium of the flow-through issued in December 2017.

## FINANCINGS

The financing transactions executed in the reported period are, as follows:

On December 17, 2018, the Company closed a private placement for aggregate gross proceeds of \$2,254,160 through the issuance of 8,348,741 flow-through common shares at a price of \$0.27 per share. The Flow-Through Shares are subject to a four-month hold period. The Company incurred \$144,202 of issue costs regarding this private placement. The proceeds will be used to incur Canadian Exploration Expenses qualified as “flow-through mining expenditures” under the Income Tax Act.

On November 30, 2018, Treasury entered into a loan extension agreement with Extract Capital Master Fund Ltd. and Extract Lending LLC (together “Extract”) to extend the maturity date of the Company’s existing convertible term loan (the “Term Loan”) for three years (the “Loan Amendment”) to November 30, 2021. As part of the Loan Amendment, Extract has also agreed to assume the US\$2.2 million portion of the US\$4.4 million facility previously held by Loinette Company Leasing Ltd. which has agreed to an early payout without penalty.

On June 25, 2018, the Company closed a private placement for aggregate gross proceeds of \$5,000,000 through the issuance of 11,904,762 units at a price of \$0.42 per unit. Each unit consisted of one common share and one common share purchase warrant. Each warrant entitles his holder to acquire one common share at an exercise price of \$0.60 for a period of 60 months from the date of issuance. The Company paid \$138,588 of issue costs regarding this private placement.

## LIQUIDITY

As at March 31, 2019, the Company had a working capital deficiency of \$704,126 excluding the non-cash unrenounced flow-through share premium liability and the derivative liability (December 31, 2018 – a positive working capital of \$882,045). As disclosed in the Financings section of this report, on June 25, and December 17, 2018, the Company closed financings of \$5,000,000 and \$2,254,160, respectively. Details of the sources and uses of funds for the period ended March 31, 2019 are presented in the statement of cash flows contained in the Company’s interim condensed consolidated financial statements at March 31, 2019.

Regarding the Extract/Loinette loan or Tranches 1 and 2 of the loan, on November 30, 2018, a loan extension agreement was closed extending the maturity to November 30, 2021. Pursuant to the terms of the extension, US\$2.2 million (CAD\$3.0 million) of the Tranche 1 loan was repaid by Extract to Loinette; therefore, the total debt of US\$4.4 million (CAD\$5.9 million) is entirely owed to Extract; also, the conversion price of the share has been fixed to \$0.36.

As consideration, the Company paid to Extract an extension fee of \$150,062 and issued 600,000 warrants entitling Extract to purchase common shares at an exercise price of \$0.40 per share for a three-year term.

As at March 31, 2019, and at the date of this report,

- The cash resources of the Company are held in cash with major Canadian financial institutions;

- Accounts receivable and prepaid expenses are comprised mainly of advances to contractors and sales tax receivables from the Government of Canada. Accounts receivable and prepaid expenses have decreased mainly due to the lower advances to contractors which also originates the lower HST receivable in the current period.
- Investments in marketable securities as at March 31, 2019, consist of 552,036 shares of Zinc One Resources Inc. which the Company holds as a result of the exchange of 3,036,200 shares of Forrester Metals Inc., 377,775 shares of Goldgroup Mining Inc., and 217,778 shares of Millrock Resources Inc., all of which have a current market value of \$78,003. The Company may sell its investments to access funds to settle its obligations as they arise;
- The Company's debt to Extract is CAD\$4,534,061 at March 31, 2019, which consists of the US\$4.4 million (CAD\$5.9 million) loan received offset by the unaccreted costs of \$1.3 million. There is also a \$42,674 mortgage balance for which the Company must make annual payments of approximately \$23,000, until the year 2020 and \$15,932 of a total lease payable in monthly installments until August 2021. Accounts payable and accrued liabilities are short-term and non-interest bearing.

The Company must utilize its current cash reserves, funds obtained from the exercise of warrants and options, if any, and other financing transactions to maintain the Company's capacity to meet working capital requirements, ongoing discretionary and committed exploration programs, and to fund any further development activities. The Company relies on external financing to generate sufficient operating capital. Notwithstanding success to date in acquiring equity financing on acceptable terms, there is no guarantee of obtaining future equity financings or on what terms any such equity capital may be available to the Company and as such, alternative funding programs are also being pursued by the Company. The Company's management believes it will be able to raise any required funds in the short term. Management will monitor the current market situation and make prudent business decisions as they are required. See "Risk Factors".

The Company's success depends on the successful development of the Goliath Gold Project and corresponding permitting and Feasibility Study. Based upon its current operating and financial plans, management of the Company believes that it will have sufficient access to financial resources (debt and equity) to fund the Company's planned operations and development of the Goliath Gold Project.

### **CONVERTIBLE LOAN EXTENSION**

On November 30, 2018, the Company closed a loan extension agreement in connection with the existing US\$4.4 million (CAD\$5.9 million) debt to Loinette/Extract, extending its maturity to November 30, 2021. Pursuant to the terms of the extension, US\$2.2 million (CAD\$3.0 million) of the Tranche 1 loan was repaid by Extract to Loinette; therefore, the total debt of USD\$4.4 million (CAD\$5.9 million) is entirely owed to Extract; also, the conversion price of the share has been fixed to \$0.36. As consideration, the Company paid to Extract an extension fee of CAD\$150,062 and issued 600,000 warrants entitling Extract to purchase common shares at an exercise price of \$0.40 per share for a three-year term. All other terms of the loan agreement are unchanged. For full details, see Note 10 of the March 31, 2019 interim condensed consolidated financial statements.

## DISCLOSURE OF OUTSTANDING SHARE DATA

The following table sets forth information concerning the outstanding securities of the Company at the date of this report:

<b>Common Shares of no par value</b>	<b>Number</b>
Shares	145,190,001
Warrants	25,530,003
Options	5,275,000

See Notes 11 to 13 to the March 31, 2019 interim condensed consolidated financial statements for more detailed disclosure of outstanding share data.

## OFF-BALANCE SHEET TRANSACTIONS

During the period ended March 31, 2019, there were no off-balance sheet transactions. The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk.

## CONTINGENCIES AND COMMITMENT

The Company has made the following commitments as of the date of this MD&A:

- Certain underlying royalties and payment obligations of \$105,000 per year remain on 13 of the 23 patented land parcels.
- The Company is committed to spend \$2,254,160 on Canadian exploration expenses (“CEE”) as part of its flow-through funding agreement dated December 17, 2018, at March 31, 2019 the Company has spent \$554,434. All flow-through spending commitments from previous flow-through financings have been fulfilled.
- An audit was initiated by the Canada Revenue Agency (the “CRA”) in December 2016 of the flow-through expenditures incurred by the Company pursuant to the flow-through share financings completed on December 6, 2011, September 21, 2012, May 1, 2013, and December 20, 2013. On March 7, 2018 the Company was advised by the CRA that out of the total of \$12.5 million the Company raised through the flow-through share financings and renounced to subscribers, that the CRA had reclassified approximately \$1.8 million of CEE to operating expenses and a further approximately \$2.2 million of CEE to Canadian Development Expenses. In addition, pursuant to the Audit, the CRA has notified the Company that it is liable for Part XII.6 tax in the amount of \$477,726 in connection with the shortfall from the disallowed CEE. The Company strongly disputes the CRA’s proposed re-characterizations of expenses from CEE to either CDE or operating expenses and has filed a Notice of Objection with the CRA. Due to the uncertainty of the final outcome and tax amount, no liability has been recorded in the interim condensed consolidated financial statements.

## RELATED PARTY TRANSACTIONS

Certain corporate entities and consultants that are related to the Company's officers and directors or persons holding more than 10% of the issued and outstanding shares of the Company provide consulting and other exploration related services to Treasury Metals.

At March 31, 2019, there is \$942 of accounts payable (2018 – receivable of \$11,105) to/from Laramide Resources Ltd., a company having a director, Marc Henderson, and an officer, Dennis Gibson, in common with Treasury Metals. The details of the transactions with Laramide are, as follows:

Periods ended March 31	2019	2018
Office rent paid by Laramide	\$31,888	\$31,888
Shared expenses paid by Laramide on behalf of the Company	\$21,144	\$10,747
Shared expenses paid by the Company on behalf of Laramide	(\$4,036)	(\$3,953)
<b>Net Total</b>	<b>\$ 48,996</b>	<b>\$38,681</b>

Transactions with related parties were conducted in the normal course of operations and are measured at the exchange amounts.

## DIVIDENDS

The Corporation has neither declared nor paid any dividends on its Common Shares. The Corporation intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future.

## FINANCIAL INSTRUMENTS

The current bank accounts, accounts receivable and accounts payable are non-interest bearing. The majority of cash and cash equivalents are held in short-term investments bearing interest up to 0.8%.

The principal financial instruments affecting the Company's financial condition and results of operations is currently its cash, which it receives from interest and royalty payments, its investment portfolio and any financing transactions entered into by the Company. These sources of revenue are subject to various risks, including production risks with respect to the royalty payments and market risks with respect to the investment portfolio. The investment portfolio is managed by the Company.

## RISKS AND UNCERTAINTIES

The Company's Risks and Uncertainties are disclosed in Treasury Metals Inc.'s Annual Information Form dated April 1, 2019, which is filed on SEDAR and is herein incorporated by reference. Risks are reviewed and updated each quarter when new events or changes in the jurisdictions where the Company operates necessitate new risk analysis. There have been no new risks identified to the date of this MD&A.



## **OTHER INFORMATION**

This discussion and analysis of the financial position and results of operation as at March 31, 2019 should be read in conjunction with the interim condensed consolidated financial statements for the three months ended March 31, 2019 and 2018. Additional information can be accessed at the Company's website [www.treasuremetals.com](http://www.treasuremetals.com) or through the Company's public filings at [www.sedar.com](http://www.sedar.com).

## **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION**

The Company's financial statements are the responsibility of the Company's management, and have been approved by the Board of Directors. The financial statements were prepared by the Company's management in accordance with IFRS. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

## **DISCLOSURE CONTROLS AND PROCEDURES**

Management has designed and evaluated the effectiveness of our disclosure controls and procedures and the internal controls on financial reporting and have concluded that, based on our evaluation, they are sufficiently effective as of March 31, 2019 to provide reasonable assurance that material information relating to the Company is made known to management and disclosed in accordance with applicable securities regulations.

## **MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**

Management is responsible for certifying the design of the Company's internal control over financial reporting ("ICFR") as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers' Annual and Interim Filings" and CSA staff notice 52-316 – "Certification of Design of Internal Control over Financial Reporting".

Our Internal Control over Financial Reporting is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS. Internal Control over Financial Reporting should include those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and dispositions of our assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with applicable IFRS;
- receipts and expenditures are only being made in accordance with authorizations of management and the Board of Directors;
- reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.



Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management, including the Chief Financial Officer, has evaluated the design of the Company's internal controls over financial reporting as of March 31, 2019 pursuant to the requirements of Multilateral Instrument 52-109. The Company has designed appropriate internal controls over financial reporting for the nature and size of the Company's business, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS except as noted herein. There have been no changes in internal control over financial reporting during the period ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting.

Greg Ferron  
Interim Chief Executive Officer  
May 14, 2019

**Qualified Person**

Mark Wheeler, the Company's Director, Projects, is a *Qualified Person* as defined by NI 43-101, and is responsible for the preparation of, and has reviewed and approved, the technical disclosure in this Management's Discussion and Analysis, unless otherwise indicated.

**Cautionary Note Regarding Forward-Looking Statements**

This Management's Discussion and Analysis includes "forward-looking statements", within the meaning of applicable securities legislation, which are based on the opinions and estimates of Management and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words suggesting future outcomes or statements regarding an outlook. Such risks and uncertainties include, but are not limited to, risks associated with the mining industry (including operational risks in exploration development and production; delays or changes in plans with respect to exploration or development projects or capital expenditures; the uncertainty of reserve estimates; the uncertainty of estimates and projections in relation to production, costs and expenses; the uncertainty surrounding the ability of the Company to obtain all permits, consents or authorizations required for its operations and activities; and health safety and environmental risks), the risk of commodity price and foreign exchange rate fluctuations, the ability of the Company to fund the capital and operating expenses necessary to achieve the business objectives of the Company, the uncertainty associated with commercial negotiations and negotiating with foreign governments and risks associated with international business activities, as well as those risks described in public disclosure documents filed by the Company. Due to the risks, uncertainties and assumptions inherent in forward-looking statements, prospective investors in securities of the Company should not place undue reliance on these forward-looking statements. Statements in relation to "reserves" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the reserves described can be profitably produced in the future.

Readers are cautioned that the foregoing lists of risks, uncertainties and other factors are not exhaustive. The forward-looking statements contained in this management discussion and analysis are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or in any other documents filed with Canadian securities regulatory authorities, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws. The forward-looking statements are expressly qualified by this cautionary statement.